

Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01 SP-02 OMB-01

STRE-00 AF-06 ARA-06 EA-07 NEA-10 /127 W

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R 161900Z MAR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1273

INFO USMISSION EC BRUSSELS

USIA WASHDC

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ACTION STR

FOR DONALDSON

USIA FOR IEU/KORDEK AND IOP/RICHARDSON AND IPS/COHOES

USEC FOR HOFFMAN

E.O. 11652: N/W

TAGS: ETRD MTN

SUBJECT: MTN TARIFFS GROUP MEETING: PUBLIC AFFAIRS ASPECTS

1. AS WASHINGTON AGENCIES ARE AWARE, THE US WILL TABLE
ITS PROPOSAL FOR A COMPREHENSIVE TARIFF CUTTING HYPOTHESIS
ON MARCH 23. THIS WILL BE ONE OF THE MAJOR EVENTS IN THE
MTN THIS SPRING, BOTH IN TERMS OF SUBSTANCE AND
PSYCHOLOGICALLY. DUE TO THE IMPORTANCE TRADITIONALLY
ATTACHED TO TARIFF REDUCTIONS, THE PSYCHOLOGICAL IMPLICA-
TIONS ASSUME PARTICULAR IMPORTANCE AT A TIME WHEN SOME
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JOURNALISTS HAVE FOCUSED ON WHAT THEY CONSIDER TO BE A

LACK OF SIGNIFICANT PROGRESS IN THE NEGOTIATIONS TO DATE.

2. THE FORMULA TO BE TABLED WILL BE SUBJECT TO NEGOTIATION. FOR THIS REASON AND BECAUSE WE DO NOT WANT TO CREATE THE IMPRESSION THAT WE ARE NEGOTIATING IN THE PRESS, THE US DOES NOT PLAN TO REVEAL THE FORMUAL PUBLICLY.

3. BEARING IN MIND, HOWEVER, THAT SEVERAL HUNDRED INDIVIDUALS IN THE NEGOTIATING ROOM WILL KNOW THE FORMULA, IT IS LIKELY THAT WILL BE LEAKED QUICKLY. THE PRESS WILL TURN TO US FOR CONFIRMATION AND INTERPRETATION.

4. WE PROPOSE TO RELEASE THE FOLLOWING PUBLIC STATEMENT ON MARCH 23 IN GENEVA AND TO NOT GO BEYOND THE SUBSTANCE OF THE STATEMENT IN SUBSEQUENT PRESS INQUIRIES, EXCEPT AS NOTED IN PARAGRAPH 6.

5. BEGIN TEXT:

"THE UNITED STATES TODAY PUT FORWARD IN THE MULTILATERAL TRADE NEGOTIATIONS GROUP TARIFFS A COMPREHENSIVE TARIFF CUTTING HYPOTHESIS. THE UNITED STATES FORMULA IS CONFIDENTIAL, PRESENTED FOR DISCUSSION AND NEGOTATIONS LOOKING TOWARD EVENTUAL AGREEMENT IN THE COMING MONTHS.

"U.S. OBJECTIVES FOR A TARIFF-CUTTING HYPOTHESIY ARE TO ACHIEVE SIGNIFICANT OVERALL REDUCTION OF DUTIES, WITH HARMONIZATION, BY MEANS OF A FORMULA HYPOTHESIS WHICH IS MORE AMBITIOUS THAN THE KENNEDY ROUND HYPOTHESIS OF 50 PERCENT, IS AIMED AT REDUCING DUTIES WITHIN THE RANGE IN WHICH THE LARGE MAJORITY OF DEVELOPED COUNTY RATES NOW FALL, ENSURES MORE EQUITALBE ACCESS AMONG DEVELOPED COUNTRY MARKETS, AND PROVIDES MORE SECURE AND FAVORABLE ACCESS FOR LDC EXPORTS.

"IN KEEPING WITH THESE OBJECTIVES, THE UNITED STATES HAS ADVANCED A FORMULA WHICH INCLUDES BOTH HARMONIZATION AND LINEAR ELEMENTS." END TEXT.

6. BY WAY OF EXPLANATION, ON AN IF ASKED BASIS, WE WILL STATE WITH REGARD TO EACH POINT ABOVE: FIRST, THE KENNEDY LIMITED OFFICIAL USE

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ROUND CALLED FOR 50 PERCENT TARIFF REDUCTIONS, WHILE THE PROPOSED U.S. FORMULA CALLS FOR GREATER THAN 50 PERCENT REDUCTIONS UP TO A MAXIMUM OF 60 PERCENT WHICH IS OUR MAXIMUM TARIFF-CUTTING AUTHORITY ON DUTY RATES ABOVE 5. 034:3,5. SECOND, A MAJORITY OF TARIFFS IN THE MAJOR DEVELOPED COUNTRIES FALL IN THE NEIGHBORHOOD OF FIVE TO 15 PERCENT AND U.S. PROPOSAL SEEKS SUBSTANTIALHREDUCTIONS IN THESE RATES. THIRD, THE U.S. FORMULA CALLS FOR DEEPER REDUCTIONS ON HIGH RATES THAN ON

LOW RATES, WHICH, BY HARMONIZING TARIFFS, WILL RESULT IN MORE EQUITY IN TARIFF LEVELS. FOURTH, THE U.S. FORMULA PROVIDES PARTICULAR BENEFITS FOR DEVELOPING COUNTRIES BECAUSE IT PROVIDES DEEP AND BINDING CUTS ON PRODUCTS OF INTEREST TO LDCS. IT REDUCES THE EFFECTS OF TARIFF ESCALATION BY MAKING DEEP CUTS ON HIGH TARIFFS. WITH REGARD TO THESE COUNTRIES, THE U.S. HAS TABLED A SUGGESTION ON PROCEDURES WHEREBY DEVELOPING AND DEVELOPED COUNTRIES WOULD NOTIFY ONE ANOTHER OF THE PRODUCTS OF PARTICULAR INTEREST TO THEM. THIS PROCEDURE WOULD ALLOW COUNTRIES TO FOCUS ON SPECIFIC TARIFF PROBLEMS AND EXPLORE WAYS IN WHICH DEVELOPED COUNTRIES MIGHT PROVIDE SPECIAL AND DIFFERENTIAL TREATMENT TO PRODUCTS OF INTEREST TO DEVELOPING COUNTRIES.

7. IN RESPONSE TO PRESS INQUIRIES WE PLAN TO NEITHER CONFIRM NOR DENY THE ACCURACY OF ANY REPORTED FORMULA. WE WILL EXPLAIN THAT WE ARE IN A NEGOTIATION AND DO NOT VIEW IT AS IN OUR INTEREST TO DISCUSS THE DETAILS OF A U.S. NEGOTIATING POSITION.

8. WE WOULD WELCOME STR VIEWS ON THE PROPOSED PRESS STATEMENT. WE HAVE DISCUSSED OUR GENERAL APPROACH WITH KEY DELEGATIONS WHICH HAVE INDICATED THEIR CONCERN ABOUT EXCESSIVE PUBLICATION OF SPECIFIC DETAILS. WALKER

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